

PUBLIC EMPLOYEES' RETIREMENT FUND INDIANA

MESSAGE FROM THE EXECUTIVE DIRECTOR

E. WILLIAM BUTLER



“The Call Center is just one example of the Board’s focus on improving customer service to our members and employers.”

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I’m happy to report that the Call Center has become a reality. Since May 15th, the Call Center has fielded nearly 20,000 calls. We project it will respond to over 200,000 individual calls from members this year alone! The diagram on page 3 shows how the automated attendant has been simplified to allow our members to reach a live person in just a couple of quick steps. We hope you and your employees feel comfortable using this service when you need to contact the Fund. As we continue to improve our phone system, we would be happy to hear your suggestions, good and bad.

The Call Center is just one example of the Board’s focus on improving customer service to our members and employers. Last summer we met with a large number of employers around the state and the message we heard was that we needed to deliver better service to the employers so they, in turn, could serve their employees better. As I have said in the past, the Board feels the best approach is to form a partnership with employers so that, together, we can find better ways to serve the retirement interests of our members.

In another recently implemented program, the Board established a target of getting an initial benefit check for 85% of the estimated benefit to new retirees within 30 days of retirement. This will ensure uninterrupted income for these folks as they make the transition from work to retirement and eliminate the need to wait until the final benefit amount is calculated to begin receiving payments. We hope this will be of benefit to you as you counsel those about to retire.

The Employer Advisory Group (EAG) has been in existence for a year, now. This group is composed of different employers ranging in size from large to very small and from all parts of the state. They have worked very hard to give us the “voice of the employer” so we can better understand your needs and concerns as we continue to improve the way the Fund carries out its mission of providing retirement benefits to public employees. We would welcome any suggestions for the group. You will read about some of the issues the EAG has been presented with and how they may effect the way PERF communicates and transacts business with all employers.

EMPLOYER UPDATE

AUGUST 2002

EMPLOYER ADVISORY GROUP FORMED

PERF is pleased to announce the formation of an employer advisory group.

Last year, we went on the road to speak to 25 separate employers to open a discussion and make the first attempt to tap into this valuable resource of good ideas. As a result of those meetings, it was felt that a forum needed to be created to allow employers to voice their concerns and pass along ideas for improvement.

The group has met on a quarterly basis over the past year and has taken on some very important issues that could have tremendous impact on all employers across the state. Over the past year, we have discussed issues like:

- Electronic Employer Reporting,
- Development of PERF's I.T. system,
- Outreach services,
- Call Center Implementation

Although this group is still in its early stages, we ultimately want it to become a forum for all employers, so that representation of employers, large and small, are given the ability to be involved in the change process here at PERF.

NEW MEMBER GUIDE COMING THIS FALL

PERF is currently working on a full-scale revision of the Fund's Member Handbook. An interim revision to the handbook is now in production to include recent plan provision changes, but a completely new member guide is scheduled for completion near the end of the year. The guide will include new and enhanced discussions on the PERF benefits structure and how it affects a member at different stages of their career.

CALL CENTER TAKES BIG STEP TOWARD IMPROVED CUSTOMER SERVICE

On May 15th, PERF opened its first Call Center dedicated to serving members of the Fund. Our Customer Service Representatives are responsible for providing world class customer service to all members, and eventually all employers. We hope you agree the implementation of the call center is another positive step in our efforts to improve our service to you.

Initially, the call center will only be handling active and retired member calls. However, with a little time and training, we hope to expand this service to our employers, as well. In the meantime, please continue directing your inquiries to our contribution accounting staff at (317) 233-4118 if you have questions regarding the quarterly reporting process, or if you have general inquiries, please contact the employer section of our benefits administration division at (317) 233-4149.

Equally as important, the call center allows other functional areas within PERF to focus their efforts on providing faster turnaround time for retirement benefits, refunds, and other vital member and employer services.

We have stripped out the cumbersome layers of the old automated attendant as part of the implementation to minimize the number of prompts you will hear before reaching a live person at PERF. With the implementation of the new attendant, members will only have to select one prompt in order to be connected with a Customer Service Representative.

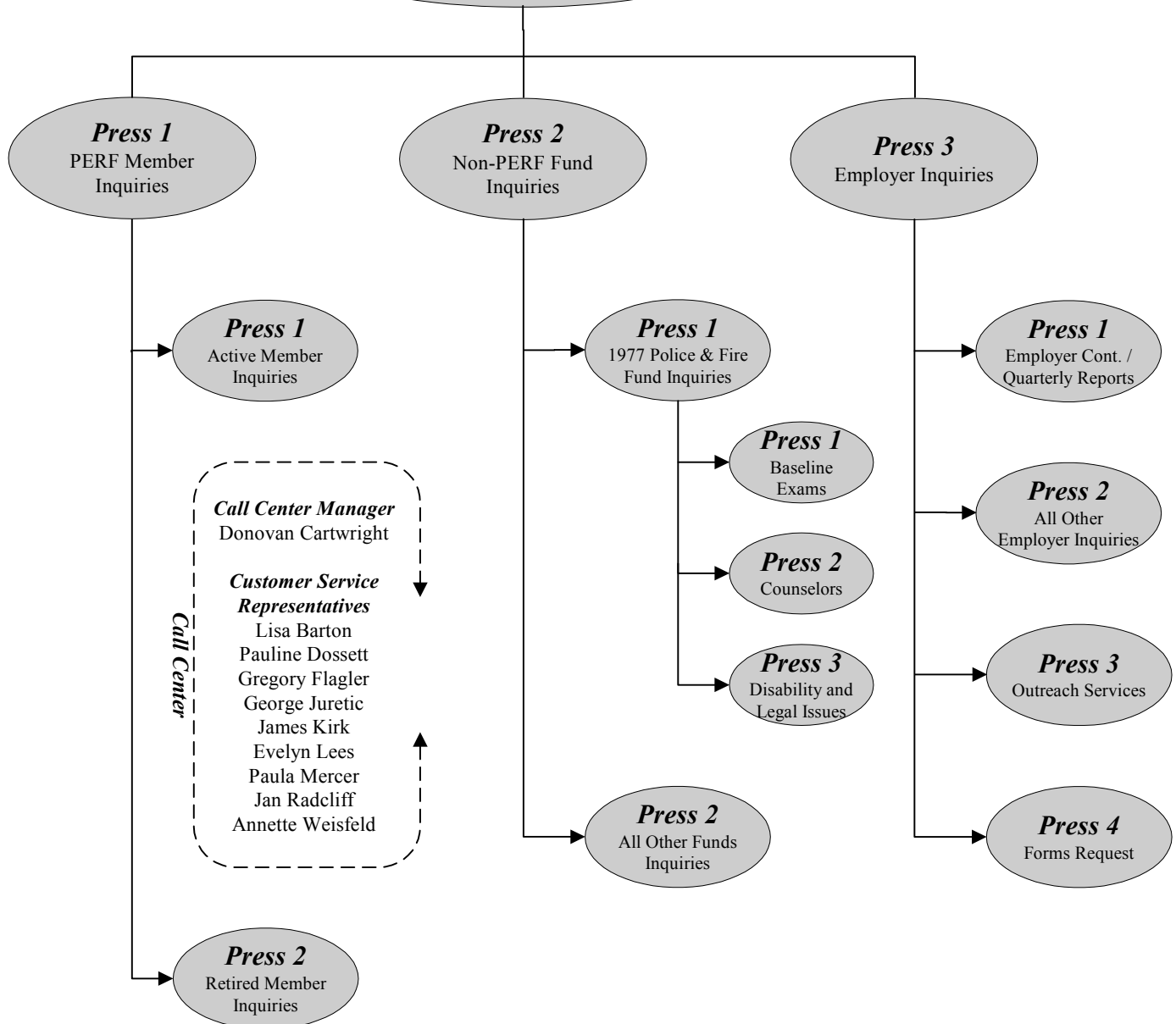
We welcome you to call and "test drive" our service. Please keep in mind our phone volume capacity is limited. We have had great success early on in keeping up with the volume on a day-to-day basis, and while we are excited to be up and running, call volumes are cyclical. If you happen to call us during a peak time you may experience a slight delay. Please be patient, or try your call a little later. We are confident that you will find us to be much more customer friendly and easier to access.

HOURS OF OPERATION

8:00 AM - 5:00 PM

MONDAY - FRIDAY

1-888-526-1687 *Toll-Free*
(317) 233-4162 *Indianapolis Area*
(317) 233-4160 *Hearing Impaired*



EMPLOYER UPDATE
AUGUST 2002

GOOD NEWS FOR YOUR EMPLOYEES WHO ARE ABOUT TO RETIRE

PERF is implementing two new initiatives that will benefit your employees approaching retirement. The first initiative (highlighted in the two columns below) will shorten the period of time between when a new retiree receives their final paycheck from you and when they receive their first benefit check from PERF. This new initiative, provided for in state law, is an estimated benefit based on the information we have at the time they retire. In an effort to begin benefits to members in a more timely fashion, PERF has implemented a new processing program. Here is how the program will work.

THE "OLD WAY"

Historically, when a member submits their retirement application to their employer, the employer would forward that application on to the Fund after completing the employer portion of the application. If there were any missing or incomplete information in the member's file, PERF staff would then contact the member's previous employers asking them to certify the member's last day of work and the salary and wages as of the last day of work. Once PERF receives the certification, staff then calculates the actual years of creditable service.

Once all of the above is complete, a check, representing 100% of the pension benefit (including the Annuity Savings Account) is sent to the member. As you can imagine, the process of getting precise and certified information can be time consuming and often takes 60 to 90 days, or longer in some instances.

The second initiative we are working towards allows retirees to elect to defer withdrawal of their Annuity Savings Account balance to a later date. If they choose to defer any withdrawal, their funds will remain invested according to their chosen investment directions. However, IRS regulations require members to begin withdrawing their Annuity Savings Account balance by the time they reach the age of 70 ½.

If you have any questions about these new programs, please contact us.

THE "NEW WAY"

Under the new program, when a member submits their retirement application, PERF staff will, once again, review the application for accuracy and completeness. If the application is complete, and our initial review of the files shows the member meets the eligibility requirements to receive benefits, then PERF will send the member a check based on 85% of the *anticipated* monthly pension amount (minus the Annuity Savings Account).

PERF will continue sending that retiree estimated benefit checks until the remainder of the retirement application process has been completed (employer verification, creditable service review, and receipt of the report listing employer contributions).

When the entire process has been completed, the retiree will then receive 100% of their retirement benefit, a one-time "make-up" payment representing the 15% of the benefit not paid, and the Annuity Savings Account.

PUBLIC EMPLOYEES' RETIREMENT FUND INDIANA

GUARANTEED FUND

CHANGE IN THE INTEREST CREDITING RATE

At the June meeting of the PERF Board of Trustees, the interest crediting rate for the Guaranteed Fund was announced for the Fiscal Year Ending June 30, 2003. As reported in the mailing of the most recent quarterly statement of account, the interest crediting rate has been lowered.

For the past five years, PERF has seen unprecedented growth and the Guaranteed Fund rate has been a consistent 8.25%. However, in light of the downturn in the economy, the rate that will be applied to the Annuity Savings Account for the Guaranteed Fund remained at the 8.25% annual rate for the first quarter (June 30, 2002) and will be lowered to an annual rate of 7.75% for the remainder of the fiscal year.

The Board is evaluating the process of establishing the rate for the Guaranteed Fund. As a result, PERF will be conducting an asset liability study and an audit of the actuarial assumptions used in determining the rate. The successful completion of these two evaluations will help ensure adequate funding of the Guaranteed Fund in the future.

GUARANTEED FUND

ANNUAL INTEREST CREDITING HISTORY

Fiscal Year Ended June 30:

2002	8.25 %
2001	8.25
2000	8.25
1999	8.25
1998	8.25
1997	9.00
1996	8.40
1995	6.75
1994	8.00
1993	7.75
1992	7.75
1991	8.20
1990	8.35
1989	8.35
1988	7.40
1987	8.10

PERF RECOGNIZED FOR EXCELLENCE IN FINANCIAL REPORTING

PERF is committed to providing our members and employers with financial statements of the highest quality and integrity, especially in light of the recent controversies surrounding the corporate financial reporting of companies like Enron and WorldCom.

The Government Finance Officers' Association (GFOA) has awarded PERF with the Certificate of Achievement for Excellence in Financial Reporting for the Fund's 2001 Comprehensive Annual Financial Report. You can view this document on the Fund's web site at www.perf.in.gov.

GFOA is the professional association of state and local finance officers in the United States and Canada. It has served the public finance profession since 1906 with a rigorous standard of achievement, which stands as best practice in public finance.

EMPLOYER UPDATE

AUGUST 2002

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HELPFUL HINTS

Sending in New Membership Records

It would be of great assistance to us if you, as an employer, would wait to send in membership records for new employees until after the beginning date of hire. Proofreading the member record to assure that the member has accurately completed it is also tremendously appreciated. Doing so helps us avoid delays in providing service to the member that result from missing or inaccurate information. This includes correct Social Security Number, covered position title and authorized agent.

Death of a Member

If a member passes away while in active service or while receiving benefits, all we require is a copy of the death certificate to either close the account or begin the payment of benefits to the member's chosen beneficiary. Once we have the death certificate, the proper letter and forms will be mailed to the beneficiary without involving the employer any further.

Creditable Service Inquiries

When creditable service appears to be missing from a member's account, it usually requires some research by PERF staff to resolve the issue. Consequently, issues concerning missing service are usually not possible to resolve over the phone. We respectfully request that members and employers those issues be made to us in writing.

Setting an Appointment for Retirement Counseling

As you may know, retirement counseling is available to our members who are within one year of age and creditable service eligibility to receive benefits. Retirement counseling is simply an option for our members and not a mandatory step prior to retirement. Otherwise, members may simply complete the *Estimating Monthly Benefits* form, which can be accessed directly from our office, or via the PERF website and we will mail an estimate of monthly benefits directly to the member.